HOUSING MARKET INFORMATION

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CANADA MORTGAGE AND HOUSING CORPORATION

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Canadian Market Overview

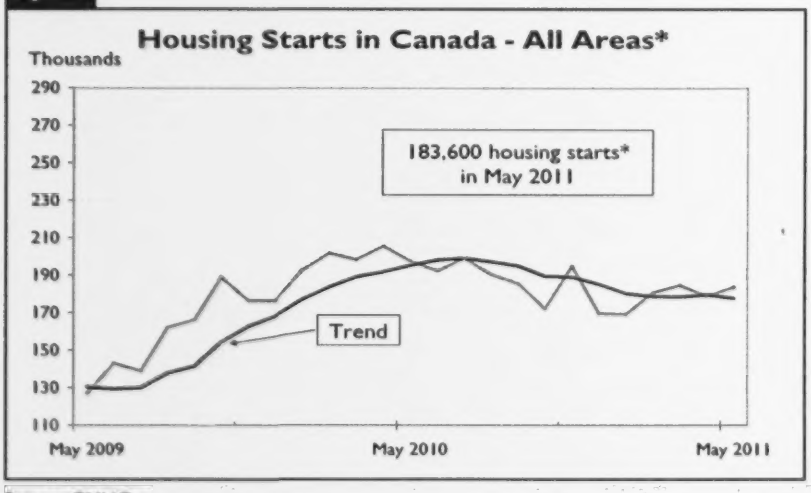
New Home Market

Housing starts increased in May

The seasonally adjusted annual rate[1] of housing starts was 183,600 units in May, up 2.7 per cent from 178,700 units in April.

Housing starts increased modestly in May due to an increase in multiple construction in most provinces and in rural starts. The increase in multiples and rural starts was partly off-set by a decrease in single starts.

Figure 1



Source: CMHC

*Seasonally adjusted at annual rates

[1]All starts figures in this release, other than actual starts, are seasonally adjusted annual rates (SAAR) — that is, monthly figures are adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months. This facilitates comparison of the current pace of activity to annual forecasts as well as to historical annual levels.

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The increase in urban multiple starts was off-set by a decline in urban single starts in May

The seasonally adjusted annual rate of urban starts increased by 0.8 per cent to 161,000 units in May. Urban multiple starts went up 4.0 per cent to 100,000 units, while single urban starts moved down by 4.1 per cent to 61,000 units.

Urban starts increased in all regions but Ontario in May

May's seasonally adjusted annual rate of urban starts increased 33.3 per cent in British Columbia, 13.5 per cent in Québec, 11.0 per cent in Atlantic provinces and 10.0 per cent in the Prairie region. Urban starts decreased in Ontario (-22.9 per cent).

Rural starts were estimated at a seasonally adjusted annual rate of 22,600 units in May.

Year-to-date actual starts down compared to 2010

On a year-to-date basis (to May 2011), actual total housing starts in urban areas have decreased by 6.9 per cent compared to the same period in 2010. Actual urban single starts for the first five months of 2011 were down 26.8 per cent while urban multiple starts were 10.4 per cent higher than the same period of last year.

Year-to-date actual starts in rural and urban areas combined decreased by 5.7 per cent compared to the first five months of 2010.

New Housing Price Index rises in April

According to Statistics Canada, the New Housing Price Index (NHPI) increased 0.3 per cent in April following no change in March. On a year-over-year basis, the NHPI was up 1.9 per cent in April and in March.

In April 2011, new home prices increased in 14 out of 21 centres on a year-over-year basis. The largest year-over-year increases in the NHPI were in Regina (5.2 per cent), St. John's (5.0 per cent), Winnipeg (4.2 per cent), Toronto and Oshawa (4.0 per cent), Ottawa-Gatineau (3.7 per cent) and Montréal (3.4 per cent). The centres registering declines were Windsor (-4.6 per cent), Victoria (-2.2 per cent), London (-1.7 per cent), Greater Sudbury and Thunder Bay (-1.0 per cent), Vancouver (-0.8 per cent), St. Catharines-Niagara (-0.7 per cent) and Calgary (-0.2 per cent).

Existing Home Market

MLS®[3] sales decreased in May

The seasonally adjusted annual rate of MLS®[1] (Multiple Listing Service®) sales decreased 0.6 per cent to 436,920 units in May, compared to 439,452 units in April.

For the first five months of 2011, actual MLS® sales were down 6.5 per cent compared to the same period in 2010.

MLS® new listings stay flat in May

The seasonally adjusted annual rate of MLS® new listings in May increased by 0.1 per cent to 838,080 units, compared to 837,228 units in April. Actual new listings for the first five months of 2011 were down by 6.5 per cent compared to the same period last year.

Sales-to-new-listings ratio[4] indicates balanced market conditions in May

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

The seasonally adjusted sales-to-new-listings ratio for Canada was 52.1 per cent in May, down from April's 52.5 per cent. Overall, Canada's housing sector is in balanced market conditions.

MLS® prices reflect market conditions

The May seasonally adjusted average MLS® price in Canada decreased 0.2 per cent to $368,343 compared to $368,926 in April. The unadjusted MLS® average price was up in May to $376,817 from $346,950 a year ago.

[2]Urban centres are defined as centres with a population of over 10,000. CMHC surveys urban centres 10,000-49,999 at the end of every quarter. Months which are not at the end of a quarter are thus estimates.

[3]Multiple Listing Service (MLS®) is a registered trademark owned by the Canadian Real Estate Association

[4]Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

Economic conditions

According to Statistics Canada, employment increased by 22,000 in May. Full-time employment rose by 33,000 positions in May which was partly offset by a decline in part-time employment of 11,000.

Compared to May 2010, total employment across Canada was up 1.6 per cent (273,000 jobs). Over the past year, full-time employment added 224,000 net new jobs while part-time employment increased by 50,000 net new jobs.

Among the provinces, Québec, Alberta and Saskatchewan registered an increase in employment in May, while Newfoundland and Labrador posted employment declines. The other provinces showed little change.

The agency also reported that Canada's unemployment rate dropped 0.2 percentage points to 7.4 per cent in May. This was due to a combination of a decline in the number of people looking for work and the increase in employment.

Statistics Canada reported that consumer prices rose 3.7 per cent in the 12 months to May, following a 3.3 per cent increase in April. The increase in May was the largest increase since March 2003 and was primarily a result of higher gasoline prices.

Core inflation, which excludes the eight most volatile items and the effect of changes in indirect taxes, increased to 1.8% in the 12 months to May from 1.6% in April.

With respect to shelter costs, fuel oil and other fuels increased 28.2 per cent in the 12 months to May compared with a 32.4 per cent advance in April. Homeowners' home and mortgage insurance premiums increased 4.4 per cent in May compared with a 4.8 per cent advance the previous month. Conversely, mortgage interest costs decreased 1.9 per cent in May following a 2.1 decline in April, while natural gas prices decreased 5.3 per cent compared with a 4.8 per cent decline the previous month.

On May 31, 2011, the Bank of Canada announced that it maintained its Target for the Overnight Rate at 1.0 per cent. The last increase in the Target for the Overnight Rate occurred on September 8, 2010 when the Bank of Canada raised it by 25 basis points.

The Bank of Canada stated that the economic expansion is proceeding largely as expected in the April Monetary Policy Report (MPR). The economy grew at an annual rate of 3.9 per cent in the first quarter, reflecting continued strong business investment, smaller contributions from household and government spending, and a modest drag from net exports. The next scheduled date for announcing the overnight rate target is July 19, 2011. The next MPR Update is scheduled to be released on July 20, 2011. ■

Figure 2

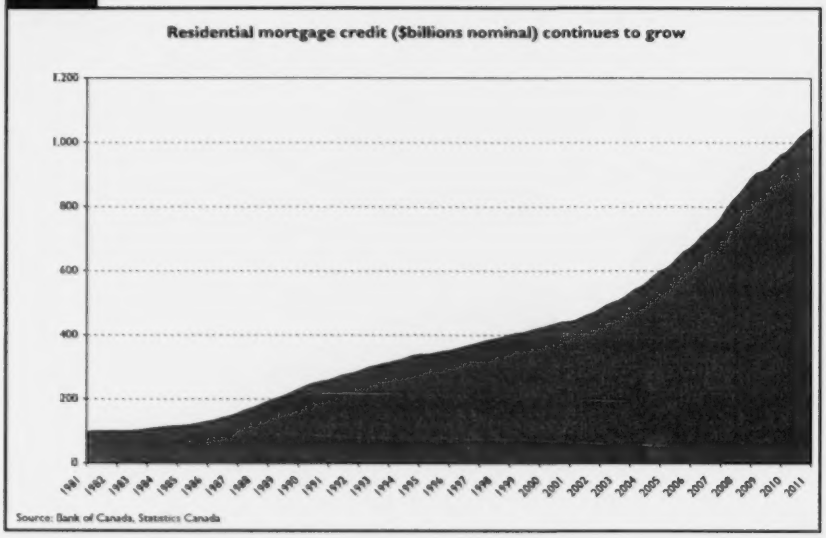
Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS

Residential Mortgage Credit: Growth in the First Quarter of 2011

Residential mortgage credit increased by 7.5 per cent in the first quarter of 2011, compared to the first quarter of 2010.

Interest rates have remained mostly stable since the last quarter of 2010. As a result, Canadian households are taking advantage of low mortgage rates and favourable domestic economic conditions. This led to a 7.5 per cent increase in residential mortgage credit in the first quarter of 2011, compared to the first quarter of 2010. For comparison, the last quarter of 2010 saw growth of 7.1 per cent over the last quarter of 2009.

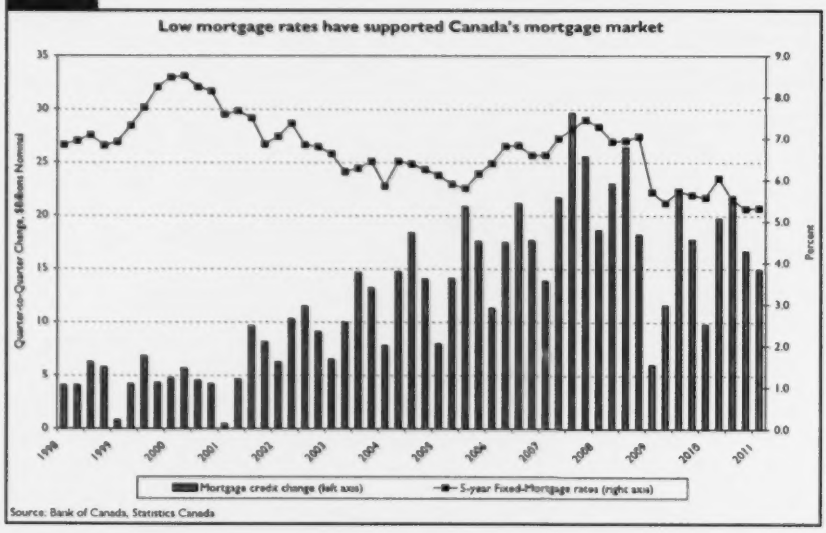
Figure 3



Short and medium-term fixed mortgage rates remain near historical lows, which is helping to support Canada's housing sector. Rates are expected to remain flat for the near-term.

Actual MLS® sales moderated 6.4 per cent during the first quarter of 2011, when compared to the sam quarter in 2010. The actual average MLS® price was up 7.9 per cent over the same time frame. With respect to the actual dollar volume of existing home sales, it was up 1.0 per cent between the first quarter of 2010 and the first quarter of 2011.

Figure 4



Actual urban housing starts in Canada decreased by 0.4 per cent in the first quarter of 2011 compared to the same quarter of 2010.

Market shares constant

Chartered banks accounted for 72.3 per cent of the residential mortgage loans outstanding in the first quarter of 2011, up from 71.5 per cent in the first quarter of 2011. After growing throughout the 1980s and 1990s, the chartered banks share of residential mortgage loans has stabilized over the past 10 years, remaining in the 70 to 72 per cent range.

Credit unions accounted for the second highest proportion of residential mortgage loans in the first quarter of 2011 with 17.2 per cent. This is down from the 17.9 per cent share recorded in the first quarter of 2010. The share of residential loans held by trusts, life insurance companies and pension funds was relatively unchanged from the same period in 2010. ■

Share of the stock of residential mortgage credit by institution type (%) *

	1Q10	2Q10	3Q10	4Q10	1Q11
Banks	71.5	72.1	72.2	72.4	72.3
Trusts	1.6	1.7	1.7	1.6	2.0
Caisse & Credit Unions	17.9	17.7	17.9	17.9	17.2
Life Insurance Companies	2.2	2.1	2.1	2.0	1.9
Pension Funds	2.3	2.1	1.9	1.9	1.8
Others **	4.5	4.3	4.2	4.2	4.7

* Excludes Special Purpose Vehicles and NHA MBS
** Includes non-depository credit intermediaries

Source: Bank of Canada, Statistics Canada.

Indicators Of Mortgage Lending Activity

Mortgage credit outstanding ($millions)*

	2009	2010	1Q10	2Q10	3Q10	4Q10	1Q11
TOTAL	933,446	1,000,449	970,558	990,289	1,012,152	1,028,797	1,043,717
% change (year-over-year)	7.2	7.2	6.7	7.6	7.3	7.1	7.5
Banks	452,896	492,858	474,517	490,581	499,301	507,034	533,562
Trusts	10,245	11,179	10,627	11,291	11,416	11,383	14,974
Caisse & Credit Unions	117,558	122,069	118,937	120,664	123,468	125,205	127,014
Life Insurance Companies	15,324	14,364	14,633	14,441	14,218	14,166	14,261
Pension Funds	15,623	14,159	15,439	14,195	13,473	13,529	13,559
Others **	29,500	29,398	29,573	29,403	29,299	29,319	34,953
Special Purpose Vehicles	16,561	13,774	14,412	14,064	13,430	13,192	13,212
NHA Mortgage-Backed Securities	275,740	302,647	292,420	295,650	307,547	314,969	292,182

* Average for the period, unadjusted
** Includes non-depository credit intermediaries
Note: Due to a change in methodology, data tables prior to 2011Q1 may have historical data that is slightly different.

Source: Bank of Canada, Statistics Canada.

NHA and Conventional Mortgage Loans Approved*

		2008	2009	3Q09	4Q09	1Q10	2Q10	3Q10
By Type of Lender								
Banks	$ millions	160,842	181,226	48,389	41,441	46,207	56,149	42,097
	Units	869,995	965,501	250,506	213,333	246,224	282,220	216,692
	$ Unit Avg.	*184,877*	*187,702*	*193,165*	*194,255*	*187,662*	*198,955*	*194,271*
Others	$ millions	54,799	63,206	16,255	13,279	18,232	14,131	9,990
	Units	353,732	384,813	95,953	79,306	105,398	85,377	62,799
	$ Unit Avg.	*154,917*	*164,251*	*169,406*	*167,440*	*172,982*	*165,513*	*159,079*
TOTAL	$ millions	215,641	244,432	64,644	54,720	64,439	70,280	52,086
	Units	1,223,727	1,350,314	346,459	292,639	351,622	367,597	279,491
	$ Unit Avg.	*176,217*	*181,019*	*186,585*	*186,988*	*183,262*	*191,188*	*186,360*

*** Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.**
Source: CMHC NHA loan approval system and Conventional Lending Survey

CMHC-MAC 2011

This Month's Housing Data (SAAR)

Housing starts, units, 000s

	2010	Q3:10	Q4:10	Q1:11	M03:11	M04:11	M05:11
Canada. Total. All areas	**189.9**	**190.7**	**180.0**	**173.1**	**184.5**	**178.7**	**183.6**
Per cent change from previous period	27.4	-4.6	-5.6	-3.8	2.2	-3.1	2.7
Canada. Total. Rural areas	**23.8**	**23.3**	**23.0**	**18.3**	**21.5**	**18.9**	**22.6**
Per cent change from previous period	27.0	-11.7	-1.3	-20.4	22.2	-12.1	19.6
Canada. Total. Urban areas	**166.2**	**167.4**	**157.0**	**154.8**	**163.0**	**159.8**	**161.0**
Per cent change from previous period	27.5	-3.5	-6.2	-1.4	0.0	-2.0	0.8
Canada. Single. Urban areas	**74.2**	**69.9**	**64.4**	**60.0**	**61.6**	**63.6**	**61.0**
Per cent change from previous period	22.7	-11.9	-7.9	-6.8	-8.6	3.2	-4.1
Canada. Multiple. Urban areas	**91.9**	**97.5**	**92.6**	**94.8**	**101.4**	**96.2**	**100.0**
Per cent change from previous period	31.6	3.6	-5.0	2.4	6.1	-5.1	4.0
Newfoundland. Total. All areas	**3.6**	**3.3**	**3.2**	**3.7**	**4.3**	**2.3**	**3.7**
Per cent change from previous period	18.0	-21.4	-3.0	15.6	43.3	-46.5	60.9
Prince Edward Island. Total. All areas	**0.8**	**0.7**	**0.9**	**0.9**	**0.6**	**0.7**	**0.9**
Per cent change from previous period	-13.8	-22.2	28.6	0.0	20.0	16.7	28.6
Nova Scotia. Total. All areas	**4.3**	**4.6**	**3.9**	**4.1**	**3.2**	**3.9**	**4.4**
Per cent change from previous period	25.3	4.5	-15.2	5.1	-25.6	21.9	12.8
New Brunswick. Total. All areas	**4.1**	**4.4**	**4.3**	**1.5**	**1.3**	**2.5**	**3.4**
Per cent change from previous period	16.5	22.2	-2.3	-65.1	30.0	92.3	36.0
Quebec. Total. All areas	**51.4**	**50.2**	**47.9**	**46.8**	**50.5**	**45.1**	**50.5**
Per cent change from previous period	18.3	-7.0	-4.6	-2.3	17.2	-10.7	12.0
Ontario. Total. All areas	**60.4**	**60.7**	**58.6**	**61.0**	**74.4**	**67.6**	**53.0**
Per cent change from previous period	20.0	-4.9	-3.5	4.1	13.1	-9.1	-21.6
Manitoba. Total. All areas	**5.9**	**6.9**	**5.4**	**4.5**	**4.1**	**4.8**	**6.3**
Per cent change from previous period	41.1	19.0	-21.7	-16.7	-24.1	17.1	31.3
Saskatchewan. Total. All areas	**5.9**	**6.2**	**7.5**	**6.3**	**5.2**	**5.9**	**5.2**
Per cent change from previous period	52.8	21.6	21.0	-16.0	-44.1	13.5	-11.9
Alberta. Total. All areas	**27.1**	**26.9**	**22.9**	**20.6**	**20.8**	**21.4**	**24.3**
Per cent change from previous period	33.5	-14.9	-14.9	-10.0	-7.1	2.9	13.6
British Columbia. Total. All areas	**26.5**	**26.8**	**25.4**	**23.7**	**20.1**	**24.5**	**31.9**
Per cent change from previous period	64.7	1.5	-5.2	-6.7	-22.1	21.9	30.2

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2010	Q3:10	Q4:10	Q1:11	M03:11	M04:11	M05:11
Canada. Total. Urban areas	166.2	167.4	157.0	154.8	163.0	159.8	161.0
Newfoundland. Total. Urban areas	2.2	2.0	2.2	2.3	2.9	1.4	1.8
Prince Edward Island. Total. Urban areas	0.6	0.5	0.7	0.6	0.4	0.6	0.6
Nova Scotia. Total. Urban areas	3.5	3.9	3.2	3.4	2.7	3.3	3.6
New Brunswick. Total. Urban areas	3.0	3.2	2.8	1.0	0.8	2.0	2.1
Quebec. Total. Urban areas	43.5	41.7	41.0	39.7	40.7	37.0	42.0
Ontario. Total. Urban areas	57.1	57.5	54.9	58.2	70.9	65.1	50.2
Manitoba. Total. Urban areas	4.0	5.2	3.4	3.1	2.9	3.4	4.5
Saskatchewan. Total. Urban areas	4.6	5.0	5.5	5.3	4.1	5.0	3.9
Alberta. Total. Urban areas	24.1	24.7	20.1	19.3	19.2	19.5	22.3
British Columbia. Total. Urban areas	23.6	23.7	23.2	21.9	18.4	22.5	30.0

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2010	Q3:10	Q4:10	Q1:11	M03:11	M04:11	M05:11
New Housing							
New & unoccupied singles & semis, units 000s	5.3	5.0	5.6	5.9	5.8	5.7	5.5
Per cent change from same period previous year	-28.4	-25.9	-1.8	11.1	10.9	6.2	0.1
New & unoccupied row & apartments, units 000s	13.6	13.7	13.7	13.6	12.9	12.6	12.7
Per cent change from same period previous year	11.1	6.5	6.6	0.6	-2.0	-6.3	-2.4
New House Price Index, 2007=100	103.2	103.4	103.8	104.5	104.6	104.9	n.a.
Per cent change from same period previous year	2.2	2.8	2.2	2.0	1.9	1.9	n.a.
Existing Housing							
MLS® resales*, units 000s	447.0	397.9	446.8	466.9	459.2	439.5	436.9
Per cent change from same period previous year	-3.9	-23.5	-15.9	-6.8	-8.8	-9.2	-0.7
MLS® average resale price, 000s**	339.0	332.0	342.4	365.6	369.5	368.9	368.3
Per cent change from same period previous year	5.8	0.3	1.2	7.2	8.1	7.0	8.3
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	3.49	3.37	3.30	3.45	3.50	3.70	3.70
Posted 5-Year Mortgage Rate, % (period average)	5.61	5.52	5.31	5.32	5.34	5.69	5.59

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available.

* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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